



Legislative Council Staff

Research Note

Version: House/Senate
[Second
Committee]g
Date: 4/20/2017

Bill Number

House Bill 17-1026

Sponsors

***Representative Singer
Senator Jones***

Short Title

***Reverse Mortgage Repayment
When Home Uninhabitable***

Research Analyst

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Status

This bill is currently pending before the Senate State, Veterans, & Military Affairs Committee, and the research note reflects the reengrossed bill.

Background

This bill originates from the Wildfire Matters Review Committee, which is an on-going interim committee charged with reviewing and proposing legislation, or other policy changes, related to wildfire prevention and mitigation, public safety, and forest health issues.

During the course of the interim meetings, the committee held discussions with private land owners in wildlife-urban interface areas about the financial impact of natural disasters and reverse mortgages. Reverse mortgages are financial agreements in which a homeowner relinquishes equity in their home in exchange for regular payments, typically to supplement retirement income.

Under current law, the borrower must repay the advance received from a reverse mortgage if he or she does not occupy the home as a primary residence for up to one year. The committee found that the frequency and magnitude of recent natural disasters in Colorado (i.e. the 2013 Colorado flood) have made it difficult for homeowners with reverse mortgages to make repairs within the year time period.

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House Action

House Local Government Committee (January 18, 2017). At the hearing, the committee heard testimony in favor of the bill from a representative from Boulder County. Representatives from the Colorado Mortgage Lenders Association and the Colorado Bankers Association spoke in opposition to the bill.

House Local Government Committee (April 12, 2017). The committee adopted Amendment L.002, which requires that the Wildfire Matters Review Committee review reverse mortgages and catastrophic natural disasters.

House second reading (April 17, 2017). The House adopted the House Local Government committee report. The House passed the bill on second reading with amendments.

House third reading (April 18, 2017). The House passed the bill on third reading with no amendments.

Relevant Research

Wildlife Matters Review Committee Report to Legislative Council:
https://leg.colorado.gov/sites/default/files/images/committees/2016/report_to_legislative_council.pdf